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Supreme Court of the United States

October Term, 1946.

No. 441

GEORGE W. BENZ, JOSE B. CALVA and CALVA FUR PATENTS CORPORATION,

Petitioners,

AGAINST

CELESTE FUR DYEING & DRESSING CORP., ROSELAND MOUTON CORP., ANNA HOLDING CORP., CELESTE BOGLIOLI, DAVID BOGLIOLI and CHARLES KALB,

Respondents.

Petition for a Writ of Certiorari to the United States Circuit Court of Appeals for the Second Judicial Circuit, and Supporting Brief.

ASHER BLUM,
Counsel for Petitioners.

LORIE APPEAL PRESS, INC., 65-67 Duane St., N. Y. C., Tel. WOrth-2-0689

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To the Honorable the Chief Justice and Associate Justices of the Supreme Court of the United States:

Jurisdiction of Court.

This action was brought by petitioners-plaintiffs, as an action at law for damages for patent infringement, under U. S. Code, Title 35, Sec. 67, which states in part,

> "Damages for the infringement of any patent may be recovered by action on the case, in the name of the party interested, either as patentee, assignee, or grantee."

The opinion of the Circuit Court of Appeals (R. pp. 915-919) dated July 3, 1946, is not officially reported. The judgment of the Circuit Court of Appeals was entered on July 3, 1946 (R. pp. 919-920).

This Court therefore has jurisdiction under U. S. Code, Title 28, Secs. 347a and 350.

Title 28, Sec. 347a states that this Court has jurisdiction to grant the writ,

> "In any case, civil or criminal, in a circuit court of appeals."

Title 28, Sec. 350 provides that the writ shall not be granted,

> "unless application therefor be duly made within three months after the entry of such judgment or decree * * *"

Summary Statement of Matters Involved.

This patent case is unusual, because it was brought to recover damages for the infringement of the unexpired Calva Patent No. 2,240,388, granted April 29, 1941 (R. p. 511), and it was tried before a jury.

The opinion of the District Court (R. pp. 494-502) is reported at 57 F. Supp. 895. The District Judge submitted all issues of fact, including validity and infringement, to the jury. His charge was favorable to plaintiffs on every point involved. After the jury rendered its verdict in favor of plaintiffs, the District Judge (opinion, R. pp. 494-502) overruled its verdict on the facts, and granted judgment n.o.v. against plaintiffs (R. pp. 504 and 505), as though this were an action in equity. In affirming the Circuit Court of Appeals also reviewed and weighed the evidence as though this were an appeal in equity. The result is to deprive plaintiffs of their constitutional right of

trial by jury under the Seventh Amendment to the Constitution, namely,

> "In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law."

This amendment has always been construed as governed by the common law which existed when the amendment was adopted in 1791. (*Dimick* v. *Schiedt*, 293 U. S. 474, 487, *infra*, p. 9). As distinguished from the right to grant a new trial, it has always been held that a District Judge has no right finally to dismiss a cause by judgment notwithstanding the verdict, unless the plaintiff has failed to make out a *prima facie* case as a matter of law; that the credibility of witnesses and inconsistencies in testimony are solely for the jury, and that neither the District Court nor the Circuit Court of Appeals has power to weigh or review the facts, save possibly to the extent of granting a new trial, but not to grant judgment n.o.v. If the judgment herein is sustained, then the right to trial by jury has been preserved only in name to a patentee.

The opinion of the District Court (R. pp. 494-502, 57 F. Supp. 895) shows that the District Court weighed certain evidence and disregarded other evidence. When this was called to the attention of the Circuit Court of Appeals, it held that certain important testimony of plaintiffs was unworthy of belief. This was usurping the function of the jury. Neither opinion stated that plaintiffs had failed to make out a *prima facie* case.

The Calva Patent in Suit (R., pp. 511-515).

This is a complicated chemical patent. In brief, it relates to a method of rendering the curly hairs of sheep-

skins straight and water-proof, by treating said hairs with an acid bath and formaldehyde, and then combing the hairs under heat. Defendants offered no prior art in evidence, and they offered no expert testimony.

The only questions involved were (a) whether Calva's original application disclosed a process which did not use cresol; and (b) whether Calva learned of such cresol-free process from Laskin after his original application had been filed, or whether he knew of this independently of Laskin. Expert testimony was taken by plaintiffs on point (a) and full testimony was offered on point (b). Both points involved only issues of fact, which were submitted to the jury.

The Trial and the Charge of the District Court.

The only issue reserved from the jury to be tried by the Court, was the anti-trust defense (R. p. 437, fol. 1311).

The District Judge conceded in his charge that expert testimony was necessary to understand Calva's original application and the patent in suit.

> "I am not in any different class or category from yourselves in my knowledge and acquaintance with the chemical terms and formulae which have been discussed in the course of the trial" (R. p. 416, fol. 1247).

He then stated in his charge that the issues which were submitted to the jury,

> "are first that the patent is invalid, and second, that the defendants have not infringed the patent" (R. p. 417, fol. 1250).

At page 423, he charged that the jury must decide the issue of "adequate disclosure" (fol. 1267). This referred to the disclosure of a cresol-free process.

He then summarized the patent as interpreted by plaintiffs (R. pp. 422-426).

At page 426, fol. 1277, he stated,

> "I shall charge you that as I construe this patent cresol is not a mandatory or required element of the patent."

This alone was sufficient to prevent the grant of judgment n.o.v. If the District Judge subsequently changed his mind, he could only grant a new trial. The chemical disclosure of a cresol-free process was an issue of fact, which depended on plaintiffs' uncontradicted expert testimony.

He then analyzed the claims, and submitted to the jury (R. pp. 433-434, fols. 1299-1300) specific questions as to whether each of the claims in issue was valid and infringed.

The general verdict of the jury found the claims valid and infringed and granted damages in the amount of $13,918.50 (R., p. 436, fols. 1307-1308).

It therefore necessarily held that there had been "adequate disclosure" of a cresol-free process in Calva's original application filed October 19, 1936. This technical issue of fact is the critical and only issue of validity herein.

Defendants then moved for judgment n.o.v. or for a new trial (R. p. 437, fol. 1310). The new trial was denied and judgment n.o.v. was granted (R. pp. 504-505).

The Calva patent is a division of an original application which was filed October 19, 1936 (R., pp. 516-587). If Calva is entitled to his original filing date of October 19, 1936 as disclosing a cresol-free process, the Laskin use in the latter part of 1937 does not invalidate the patent.

The only issue which the judge reserved from the jury was,

> "Now whether or not it is a true subdivision is a legal question that I shall not leave to you at all" (R. p. 418, fol. 1254).

This legal question merely involved a comparison of two documents, namely, the original application and the division thereof on which the patent was granted. Judgment was not granted on this issue.

The meaning of the words in the parent application and the scope of its chemical disclosure required expert testimony. These were issues of fact which were submitted to the jury as to "adequate disclosure" (*supra*, p. 4). This was the only issue of validity since the defendants did not offer in evidence any prior patents.

The opinion of the District Judge (R. pp. 494-502) went into the facts, weighed the testimony, and disregarded the uncontradicted testimony of plaintiffs' expert as though this were an equity action in which he could refuse to believe a witness or in which he could weigh inconsistencies in the testimony. He changed his position stated in his charge, in which he had instructed that the use of cresol was not mandatory.

The judgment n.o.v. (R. p. 504, fol. 1511) concedes that the Court,

> "submitted the issues as to validity and infringement * * * to the jury."

At page 522, lines 1-14, and also in the printed patent (R. p. 514, 1st column, lines 53-56) the original application of October 19, 1936 and the patent in suit disclose ten reactions.

Plaintiffs' expert testified, without contradiction, that Reactions Nos. 1, 2, 3, 6, 7, 9, 10 disclosed a cresol-free process in the parent application filed October 19, 1936 and also in the issued patent (R. pp. 314-317, fol. 942 to the

second line of page 316 and beginning at fol. 947 of p. 316 up to fol. 950). Calva testified, without contradiction, that Nelson (Laskin's agent) communicated with Calva in April or March, 1936 (R. p. 66, fol. 198) before Calva filed his original application in October, 1936; that he (Calva) then submitted samples of his finished skins to Nelson, and that he gave Nelson acidified formaldehyde (free from cresol) with full instructions as to Calva's patented process (p. 67, fols. 200 and 201; p. 68, fol. 203; p. 69, fols. 205-206).

Nelson then filed an application on Calva's process, used without cresol. An interference was declared, in which Calva was awarded priority.

The defendants themselves offered in evidence Exhibit J (R. p. 819), in which Nelson deposed, as defendants' witness, that Calva was prior to Nelson (p. 820), and that Calva was the inventor of the cresol-free process. Defendants are bound by Nelson's testimony.

Nelson deposed, as part of defendants' evidence (p. 820, lines 5-9), that upon refreshing his recollection,

> "I became convinced and am still convinced and believe that I am not the first inventor of said subject matter in issue in said Interference and that the party Calva was prior to me in the invention of such subject matter in interference."

This Calva-Nelson interference was on a cresol-free process (R. pp. 570-571) and the Patent Office decided that Calva's parent application, filed in October, 1936, disclosed a cresol-free process (R. pp. 699 and 700). This decision of the Patent Office, read to the jury without objection, was sufficient to establish a *prima facie* case that Calva's original application disclosed a cresol-free process, in the absence of any expert testimony by defendants to overcome this Patent Office decision.

The District Judge forgot all this testimony when he stated that Calva,

> "gave no evidence that he had disclosed his invention to Nelson" (R. p. 498, fol. 1492).

At pages 499-500, fols. 1497-1498, the District Judge stated that plaintiff's expert testified that Calva's patent did not teach a cresol-free process. This is contrary to the testimony (R. p. 368, fols. 1103-1111 inclusive).

On appeal, it was so clear that the District Court had forgotten important parts of the testimony, that it was necessary for the Circuit Court of Appeals to find that some of Calva's testimony was "fishy" (R. p. 917, lines 5-11), thus assuming the function of the jury.

The Question Herein.

Is a jury action in a patent case different from a jury action in other cases, so that the Court can decide disputed issues of fact by judgment n.o.v. under the present rules? This is of great importance.

Reasons Relied Upon for the Allowance of the Writ.

The decisions herein are in direct conflict with decisions in other circuits and decisions of this Court. They deprive a patentee of his constitutional right to trial by jury. The fact that the District Judge charged the jury that the patent was not restricted to the use of cresol, was sufficient to prevent the grant of judgment n.o.v., because the jury returned a general verdict in the light of this instruction. The effect of a favorable instruction is stated in,

> *Bigelow* v. *R.K.O. Radio Pictures Inc.* (decided by this Court on Feb. 25, 1946), 66 S. Ct. 574, not yet officially reported.

This was an action for damages for a conspiracy to violate the anti-trust acts. The Circuit Court of Appeals reversed judgment for plaintiffs, on the ground (66 S. Ct. 575)

> "that the evidence of damage was not sufficient for submission to the jury, and directed the entry of a judgment for respondents *non obstante verdicto.*"

This Court stated:

(p. 575)

> "As the jury returned a general verdict, the nature and extent of the unlawful conspiracy must be ascertained in the light of the instructions given to the jury, taking that view of the evidence most favorable to petitioners."

(p. 580)

> "* * * juries are allowed to act on probable and inferential as well as (upon) direct and positive proof."

Defendants' testimony in which Nelson conceded Calva's priority, was sufficient, in the light of Calva's testimony, to justify an inference that Laskin, through Nelson, had pirated Calva's cresol-free process.

Berry v. *U. S.*, 312 U. S. 450. This Court held that Rule 50(b),

> "has not taken away from juries and given to judges any part of the exclusive power of juries to weigh evidence and determine contested issues of fact * * *."
>
> *Montgomery Ward & Co.* v. *Duncan*, 311 U. S. 243, 251.

In referring to a motion for judgment n.o.v., this Court stated that such motion,

> "cannot be granted unless, as matter of law, the opponent of the movant failed to make a case."
>
> *Dimick* v. *Schiedt*, 293 U. S. 474.

(p. 486):

> "Maintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care. • • • The controlling distinction between the power of the court and that of the jury is that the former is the power to determine the law and the latter to determine the facts."

(p. 487):

> "But here we are dealing with a constitutional provision which has in effect adopted the rules of the common law in respect of trial by jury as these rules existed in 1791. To effectuate any change in these rules is not to deal with the common law, qua common law, but to alter the Constitution."

In order to safeguard the right to trial by jury of issues of fact, this Court has repeatedly granted a writ when judgment n.o.v. has been entered, and an issue of fact was involved.

> *Berry* v. *U. S.*, 312 U. S. 450;
> *Halliday* v. *U. S.*, 315 U. S. 94.

In deciding a motion for judgment n.o.v., the evidence must be,

"taken in the light most favorable to plaintiff and all conflicts were to be resolved in his favor" (*Dickerson* v. *Franklin Co.*, 130 Fed. [2d] 35, 37 C. C. A. 4).

"It is only where the evidence is all one way, and therefore demands an instruction, that a finding on this issue by the triers of fact may be disturbed" (*Watts* v. *Railroad Retirement Board*, 150 Fed. [2d] 113, 115, C. C. A. 5).

"* * * we do not weigh the evidence. All conflicts are resolved in favor of the verdict. We consider only the evidence tending to support that verdict" (*Becker* v. *U. S.*, 145 Fed. [2d] 171, 172, C. C. A. 7).

This is a matter of great importance. If the Courts can grant judgment n.o.v. by deciding the facts, the constitutional right of trial by jury is gone.

WHEREFORE, your petitioners respectfully pray that a writ of certiorari be issued out of and under the seal of this Honorable Court directed to the United States Circuit Court of Appeals for the Second Judicial Circuit, commanding that Court to certify and send to this Court for its review and determination on a day certain to be therein named, a transcript of the record and proceedings herein; and that the judgments of said United States Circuit Court of Appeals and of the District Court be reversed; and that your petitioners shall have such other and further relief in the premises as to this Honorable Court may seem meet and just.

Respectfully submitted,

ASHER BLUM,
Counsel for Petitioners.

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DANIEL L. MORRIS,
Counsel for Respondents.

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RESPONDENTS' BRIEF IN OPPOSITION TO PETITIONERS' PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

To the Honorable the Chief Justice and Associate Justices of the Supreme Court of the United States:

Statement

This petition for writ of certiorari is based upon Petitioners' misapprehension that the District Court determined issues of fact, set aside the verdict and entered judgment on respondents' motions under rule 50 F. R. C. P. upon such determination, and that the Circuit Court of Appeals affirmed the District Court on the same basis; whereas, in fact, the District Court, in setting aside the

verdict and entering judgment for respondents, "dealt solely with questions of law" (R. p. 916), and the Circuit Court of Appeals affirmed on the same basis.

This being true, the cases cited by petitioners are not pertinent because they all deal with the entry of judgment *non obstante verdicto* after the trial court reversed the jury on the facts.

History of the Litigation

This case was originally tried before a judge and jury, a verdict rendered for petitioners, an appeal was taken and the judgment reversed, and the case sent back to the District Court for a new trial (136 F. 2nd 845). The new trial was had and a verdict was rendered for petitioners; the verdict was set aside and judgment entered for respondents under Rule 50 F. R. C. P. (R. pp. 504-5) and an appeal was taken, and the Circuit Court of Appeals affirmed the District Court (R. p. 915).

Basis of the Litigation and Judgment

This suit is for damages for infringement of United States Letters Patent No. 2,240,388 to Calva, filed February 24, 1941 and issued April 29, 1941.

The patent was called a "division" of an earlier "parent" application filed in 1936.

At the trial petitioners, themselves, proved "a remarkably successful commercial use of the process which defendants (respondents) are said to infringe" (136 F. 2nd 845, at 847), as of a date (October, 1937), subsequent to the 1936 filing date of the "parent" application, but more than two years prior to the filing date of the 1941 application of the so-called "divisional" patent on which the suit is based.

The 1936 application disclosed a process for treating sheep's wool, which process involved the use of acid, formaldehyde and cresol, and cresol was said to be the "most important" of the ingredients. The District Court and the

Court of Appeals interpreted this disclosure as meaning that cresol was made mandatory by the applicant. Respondents use formaldehyde and acid but they do not use cresol. There is no disagreement as to this fact.

Having so interpreted this document, the lower courts both reached the legal conclusion that the 1941 application can not receive the benefit of the 1936 filing date unless the 1941 application also makes the use of cresol mandatory. If it does make cresol mandatory, respondents do not infringe because they do not use cresol. If it makes the use of cresol optional, the 1941 application is not a "division" and hence can not be given the benefit of the 1936 filing date and in this event, the 1937 public use (proved by petitioners) is a statutory bar which renders the patent in suit invalid.

The Circuit Court of Appeals, in interpreting the document as filed, held that the "parent" application made the use of cresol mandatory (as did also the District Court); and in interpreting the document held that the "divisional" patent made the use of cresol optional and was invalid because of the existence of the petitioner-proved public use above referred to (R. pp. 918-9).

To reach their determination, the courts below were dealing solely with questions of law—the interpretation of the "parent" application and of the "divisional" patent.

True, much expert and other testimony was offered by petitioners and received by the trial court, on the basis of the rule laid down by this court in *U. S. Industrial Chemicals, Inc.* vs. *Carbide & Carbon Chemicals Corporation*, 315 U. S. 668, 62 S. Ct. 839, to aid the court in the understanding of the language and terms of the "parent" application and of the "divisional" patent.

Calva admitted that he had not invented a cresol-free process prior to the filing of his "parent" application. This served the purpose of assuring the District Court and the Circuit Court of Appeals that they were correct in their interpretation of the language of the "parent" application that the use of cresol was mandatory.

In arriving at their conclusions both courts below dealt solely with questions of law, *U. S. Industrial Chemicals, Inc.* vs. *Carbide & Carbon Chemicals Corporation*, 315 U. S. 668, 62 S. Ct. 839; *Muncie Gear Works, Inc.* v. *Outboard M. & M. Co.*, 315 U. S. 759, 62 S. Ct. 865. This being true, there is nothing for this court to review because the determination of questions of law is the function of the court. The courts below exercised this function, and committed no error.

Respectfully submitted,

DANIEL L. MORRIS,
Counsel for Respondents.